

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

No. 692

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Introduced by Assembly Member Torres

February 21, 2013

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An act to amend ~~Section 50783~~ Sections 50781 and 50782 of, and to add Section 50784.5 to, the Health and Safety Code, relating to mobilehomes, and making an appropriation therefor.

### LEGISLATIVE COUNSEL'S DIGEST

AB 692, as amended, Torres. Mobilehomes: loans.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund, *a continuously appropriated fund*, to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership and to make monthly housing costs affordable.

This bill would ~~make a technical, nonsubstantive change to this provision~~ change the name of the fund to the Mobilehome Rehabilitation and Park Purchase Fund and authorize the department to provide loans from the fund to mobilehome owners to finance the cost of repairs necessary to ensure that the mobilehome complies with all applicable health and safety standards, or to finance the cost of accessibility features necessary to allow the mobilehome owner to continue living in the home safely.

By authorizing a new purpose for the use of continuously appropriated funds, this bill would make an appropriation.

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     **SECTION 1.** *Section 50781 of the Health and Safety Code is*  
2 *amended to read:*

3     50781. Unless the context otherwise requires, the following  
4 definitions given in this section shall control construction of this  
5 chapter:

6     (a) “Affordable” means that, where feasible, low-income  
7 residents should not pay more than 30 percent of their monthly  
8 income for housing costs.

9     (b) “Conversion costs” includes the cost of acquiring the  
10 mobilehome park, the costs of planning and processing the  
11 conversion, the costs of any needed repairs or rehabilitation, and  
12 any expenditures required by a governmental agency or lender for  
13 the project.

14     (c) “Department” means the Department of Housing and  
15 Community Development.

16     (d) “Fund” means the Mobilehome *Rehabilitation and Park*  
17 Purchase Fund created pursuant to Section 50782.

18     (e) “Housing costs” means the total cost of owning, occupying,  
19 and maintaining a mobilehome and a lot or space in a mobilehome  
20 park. The department’s regulations shall specify the factors  
21 included in these costs and may, for the purposes of calculating  
22 affordability, establish reasonable allowances.

23     (f) “Individual interest in a mobilehome park” means any interest  
24 that is fee ownership or a lesser interest that entitles the holder to  
25 occupy a lot or space in a mobilehome park for a period of not less  
26 than either 15 years or the life of the holder. Individual interests  
27 in a mobilehome park include, but are not limited to, the following:

28     (1) Ownership of a lot or space in a mobilehome park or  
29 subdivision.

30     (2) A membership or shares in a stock cooperative, as defined  
31 in Section 11003.2 of the Business and Professions Code, or a  
32 limited equity housing cooperative, as defined in Section 33007.5  
33 of this code.

34     (3) Membership in a nonprofit mutual benefit corporation that  
35 owns, operates, or owns and operates the mobilehome park.

36     (g) “Low-income resident” means an individual or household  
37 that is a lower income household, as defined in Section 50079.5.

1 However, personal assets shall not be considered in the calculation  
2 of income, except to the extent that they actually generate income.

3 (h) “Low-income spaces” means those spaces in a mobilehome  
4 park operated by a resident organization, a qualified nonprofit  
5 housing sponsor, or a local public entity that are occupied by  
6 low-income residents.

7 (i) “Mobilehome park” means a mobilehome park, as defined  
8 in Section 18214, or a manufactured home subdivision created by  
9 the conversion of a mobilehome park, as defined in Section 18214,  
10 including a senior park, to resident ownership or ownership by a  
11 qualified nonprofit housing sponsor or local public entity.

12 (j) “Program” means the Mobilehome *Rehabilitation and* Park  
13 Resident Ownership Program.

14 (k) “Qualified nonprofit housing sponsor” means a nonprofit  
15 public benefit corporation, as defined in Part 2 (commencing with  
16 Section 5110) of Division 2 of the Corporations Code, that (1) has  
17 received its tax-exempt status under Section 501(c)(3) of the  
18 Internal Revenue Code, (2) is not affiliated with or controlled by  
19 a for-profit organization or individual, (3) has extensive experience  
20 with the development and operation of publicly subsidized  
21 affordable housing, (4) the department determines is qualified by  
22 experience and capability to own and operate a mobilehome park  
23 that provides housing affordable to low-income households, and  
24 (5) has formal arrangements for ensuring resident participation or  
25 input in the management of the park that may include, but not be  
26 limited to, membership on the board of directors. “Qualified  
27 nonprofit housing sponsor” also means a limited partnership where  
28 all of the general partners are nonprofit mutual or public benefit  
29 corporations that meet the requirements of paragraphs (1) to (5),  
30 inclusive.

31 (l) “Resident organization” means a group of mobilehome park  
32 residents who have formed a nonprofit corporation, cooperative  
33 corporation, or other entity or organization for the purpose of  
34 acquiring the mobilehome park in which they reside and converting  
35 the mobilehome park to resident ownership. The membership of  
36 a resident organization shall include at least two-thirds of the  
37 households residing in the mobilehome park, or in each park of a  
38 combination of parks where the residents of two or more parks  
39 combine to form a single resident organization. The two-thirds of  
40 households in the resident organization at the time of funding the

1 park need not be the same households that were residing in the  
2 park when the application for assistance was submitted to the  
3 department. A household's membership in the resident organization  
4 when the application was submitted to the department shall not be  
5 a requirement for that household to receive a loan or assistance  
6 under this chapter.

7 (m) "Resident ownership" means, depending on the context,  
8 either the ownership by a resident organization of an interest in a  
9 mobilehome park that entitles the resident organization to control  
10 the operations of the mobilehome park for a term of no less than  
11 15 years, or the ownership of individual interests in a mobilehome  
12 park, or both.

13 *SEC. 2. Section 50782 of the Health and Safety Code is*  
14 *amended to read:*

15 50782. (a) The Mobilehome *Rehabilitation and* Park Purchase  
16 Fund is hereby created in the State Treasury and, notwithstanding  
17 Section 13340 of the Government Code or any other law, is  
18 continuously appropriated to the department for the purpose of  
19 providing loans pursuant to this chapter and for related  
20 administrative costs of the department. Notwithstanding Section  
21 16305.7 of the Government Code, any moneys received by the  
22 department pursuant to this chapter, and any other sources,  
23 repayments, interest, or new appropriations, shall be deposited in  
24 the fund. Except as described in subdivision (b), moneys in the  
25 fund shall not be subject to transfer to any other fund pursuant to  
26 any provision of Part 2 (commencing with Section 16300) of  
27 Division 4 of Title 2 of the Government Code, except the Surplus  
28 Money Investment Fund. The department may require the transfer  
29 of moneys in the fund to the Surplus Money Investment Fund for  
30 investment pursuant to Article 4 (commencing with Section 16470)  
31 of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government  
32 Code. Notwithstanding Section 16305.7 of the Government Code,  
33 all interest, dividends, and pecuniary gains from the investments  
34 shall accrue to the fund.

35 (b) Notwithstanding any other law, the Controller may use the  
36 moneys in the Mobilehome *Rehabilitation and* Park Purchase Fund  
37 for loans to the General Fund as provided in Sections 16310 and  
38 16381 of the Government Code. However, interest shall be paid  
39 on all moneys loaned to the General Fund from the Mobilehome  
40 *Rehabilitation and* Park Purchase Fund. Interest payable shall be

1 computed at a rate determined by the Pooled Money Investment  
2 Board to be the current earning rate of the fund from which loaned.  
3 This subdivision does not authorize any transfer that will interfere  
4 with the carrying out of the object for which the Mobilehome Park  
5 Purchase Fund was created.

6 *SEC. 3. Section 50784.5 is added to the Health and Safety*  
7 *Code, to read:*

8 *50784.5. (a) The department may make loans from the fund*  
9 *to a mobilehome owner whose home is located in a mobilehome*  
10 *park to finance the cost of repairs necessary to ensure that the*  
11 *mobilehome complies with all applicable health and safety*  
12 *standards, or to finance the cost of accessibility features necessary*  
13 *to allow the mobilehome owner to continue living in the home*  
14 *safely.*

15 *(b) Loans provided pursuant to this section shall be for a term*  
16 *of no more than three years and shall bear interest at a rate of 3*  
17 *percent per annum, unless the department finds that a lower*  
18 *interest rate is necessary and will not jeopardize the financial*  
19 *stability of the fund.*

20 *(c) Loans provided pursuant to this section shall not exceed the*  
21 *current appraised value of the mobilehome.*

22 ~~SECTION 1. Section 50783 of the Health and Safety Code is~~  
23 ~~amended to read:~~

24 ~~50783. (a) The department may make loans from the fund to~~  
25 ~~resident organizations for purposes of financing mobilehome park~~  
26 ~~conversion costs.~~

27 ~~(b) Loans provided pursuant to this section shall be for a term~~  
28 ~~of no more than three years and shall bear interest at a rate of 3~~  
29 ~~percent per annum, unless the department finds that a lower interest~~  
30 ~~rate is necessary and will not jeopardize the financial stability of~~  
31 ~~the fund.~~

32 ~~(c) Loans provided pursuant to this section shall be for the~~  
33 ~~minimum amount necessary to enable a resident organization to~~  
34 ~~acquire and convert the mobilehome park. To the extent possible,~~  
35 ~~the loan amount shall not exceed 50 percent of the approved~~  
36 ~~conversion costs. However, the loan amount may be for up to 95~~  
37 ~~percent of the approved conversion costs attributable to the~~  
38 ~~low-income households in the park when approved by the~~  
39 ~~department.~~

- 1     ~~(d) The department may grant approval to exceed 50 percent of~~  
2     ~~the approved conversion costs only if both of the following are~~  
3     ~~demonstrated:~~  
4     ~~(1) That the applicant has made an effort to secure additional~~  
5     ~~funds from other sources and these funds are not available.~~  
6     ~~(2) That the project would not be feasible, as determined by the~~  
7     ~~department, without a waiver of the 50-percent financing limitation.~~  
8     ~~(e) The total secured debt in a superior position to the~~  
9     ~~department's loan plus the department's loan shall not exceed the~~  
10    ~~value of the collateral securing the loan.~~